



State of Wisconsin • DEPARTMENT OF REVENUE

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Jim Doyle
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Senate Labor, Elections and Urban Affairs Committee Hearing, May 15, 2007

Senate Bill 112 – Creating a Nonrefundable Individual Income Tax Credit for Contributions to Candidates for Elective Public Office (Senator Risser)

Description of Current Law and Proposed Change

The bill allows filers to claim a nonrefundable individual income tax credit for political campaign contributions of up to \$100 for candidates in the state for elective public office. The credit is calculated by multiplying up to \$100 in contributions by the taxpayer's marginal tax rate. Under the bill, both spouses of a married couple may claim the credit. The maximum allowable credit would be \$6.75 for single taxpayers in the highest bracket and \$13.50 for married taxpayers in the highest bracket.

Administrative Impact/Fiscal Effect

- Based on state and federal data on campaign contributions, it is estimated that approximately 31,000 Wisconsin residents donated large amounts (averaging \$1,000) to Wisconsin candidates during the 2001-2002 election cycle and the 2003-2004 election cycle. Additionally, it is estimated that approximately 236,000 individuals donated small amounts (averaging \$100) to Wisconsin candidates during these four years. The estimated total revenue loss is \$287,000 annually.
- The department will incur \$13,100 in annual costs related to data capture, review of claims, printing, and postage. The bill does not provide funding for these costs.
- This bill creates complexity in the tax forms and instructions. In order to calculate the value of this credit, taxpayers will have to determine their marginal tax rates from tables that will have to be included in their individual income tax instruction booklets. Then they will have to multiply their marginal rates by their contribution amounts. It would be simpler for the taxpayer if the credit were a fixed percentage of the contribution.

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May 10, 2007

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Testimony of State Representative Steve Wieckert

Senate Bill 112 – Campaign Finance Reform: Political Contribution Deductible

*Senate Committee on Labor, Elections, and
Urban Affairs*

330 Southwest – May 15, 2007

Good afternoon Chairman Spencer Coggs and committee members. I am sorry that I am unable to testify in person before you today, but I thank you for the opportunity to submit my written testimony in support of Senate Bill 112, which will help to improve the way elections are financed in Wisconsin. This is the companion bill to AB 64, which I have authored in the Assembly.

Campaign finance reform is something most of us believe needs to be done, but consensus breaks down when we try to find solutions. I am optimistic that this bill will be an exception.

This legislation is designed to encourage more small individual contributions to political campaigns and reduce the affect of contributions from large political action committees. This bill will provide an income tax deduction of up to a \$100 for a contribution to a political campaign. Donations from political action groups will not be tax deductible.

This legislation is supported by Common Cause, whose executive director, Jay Heck, stated:

"Common Cause in Wisconsin strongly supports this measure and commends Rep. Wieckert and Sen. Risser for introducing it. This will encourage smaller contributions to candidates which are much more desirable than – and that we hope will replace – the big special interest money that has inundated Wisconsin elections. We urge the consideration and passage of this measure this year."

As campaigns become more and more expensive, both the number and impact of small citizen contributors is decreasing. The current campaign finance system is becoming dominated by big-dollar contributors, which is a troubling trend.

A number of other states have also instituted tax credits for individual contributions to political campaigns, including: Virginia, Oregon, Minnesota, Arkansas, Ohio, and Arizona.

Thank you. I appreciate you time and consideration of this very important legislation.